AN INQUIRY INTO SOCIAL HOUSING IN BRITISH COLUMBIA: THE SEARCH FOR COMMON GROUND

PRELIMINARY REPORT

April 21, 1986

Commissioners:

Chairman:	James Cosh
Vice-Chairman:	Shelley Tratch
Member:	James Cutt

HIGHLIGHTS

- The Commission of Inquiry was appointed on March 27, 1986.
- On April 21 it delivered this preliminary report to the Lieutenant Governor in Council.
- It conducted extensive public consultations. This included six workshops, a telephone hotline, reviewing 137 written submissions, visits to 25 social housing projects, visits to communities in the Interior and a plenary workshop.
- A conference on this preliminary report and a hearing on alleged social housing improprieties are planned before the final report is issued.
- The main recommendations are:
  - implementation of a management system to:
    - rigorously define social housing need;
    - provide an objective means of allocating available social housing resources through the mechanism of a social housing advisory committee;
    - periodically evaluate social housing delivery and policy compliance;
  - improve the coordination of government planning and delivery of social housing.

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I.

TERMS OF REFERENCE

The Commission of Inquiry was officially appointed on March 27, 1986 by the Lieutenant Governor in Council of the Province of British Columbia, by Order-in-Council No. 710 issued under Part II of the Inquiry Act of British Columbia.

The objective of the Commission, as established by the government, is:

> "To inquire into the effectiveness of the delivery of social housing in British Columbia in serving those most in need of assistance in obtaining affordable housing".

The Order-in-Council requires that the Commissioners deliver to the Lieutenant Governor in Council a preliminary report on or before April 22, 1986, and such further subsequent report or reports as the Commissioners feel advisable.

The mandate of the inquiry is to conduct a fair and thorough investigation, within the terms of reference. In so doing, the Commission has the power to determine its own rules of procedure. The Commissioners are authorized to hold meetings they think necessary. They are legally empowered by the Inquiry Act to compel the attendance of witnesses and the production of documents in any way relating to the subject matter of the inquiry.

Because the Commission of Inquiry is constituted under provincial legislation, it may not express opinions or focus its inquiry upon specific criminal offenses. Similarly, a provincial inquiry cannot inquire directly into any matter that is within the legislative jurisdiction of the federal government. However, where the terms of reference of the inquiry necessarily involve matters which fall within both provincial and federal jurisdiction, the inquiry may consider federal legislation and programs as an incidental part of its investigation. Accordingly, in inquiring into the effectiveness of the delivery of social housing in British Columbia in serving those most in need, our investigations have included incidental considerations of the National Housing Act of Canada and various social housing programs delivered to the Province under this legislation.

The inquiry is required to report its findings to the Lieutenant Governor in Council. Each report must be tabled with the Legislative Assembly within 15 days or, if the Legislative Assembly is not then sitting, within 15 days after the opening of the next session. Any decision to make the report public prior to that date rests solely with the Provincial Government.

The following preliminary report complies with these terms of reference.

II.

THE SCOPE AND PURPOSE OF THIS PRELIMINARY REPORT

This report is, in several senses, preliminary. Firstly, the Commission has not had the time to fully assess all of the great body of information it received. This will take at least several weeks. Furthermore, it will be having more contact with the public, through a conference on social housing and formal hearings. Lastly, other groups are holding conferences or hearings on the topic, and we would hope to benefit from their activities as well.

We regard this report as a "draft", rather than a finished segment of the final report. Our further analyses and data collection may well lead us to alter in the final report perceptions and conclusions found in this one.

We hope to use this report as an aid to further public discussion and consultation, and then be free to respond to these opinions. This initial report can serve as a "white paper", facilitating a more focused discussion in the next phase of our work. Thus, our tone is more discursive and exploratory than will be the case in the final version. Although this inquiry is being directed by the Commissioners, we invite all interested British Columbians to contribute to the process.

This is a field with many questions and few firm answers. We do not wish to reach conclusions without first being certain we have the best available data. So this "draft" is intended as an open invitation to the public to provide us with additional data. This report can be taken as a guide to the issues we will be concentrating on in the next phase. Data on these would be welcomed.

To support the consultative inquiry process, the report provides several types of information as follows:

Chapter III describes the logic and organization of this Inquiry to this point, including our public consultations.

Chapter IV sets out in summary form what we were told by various respondents. If we have imperfectly understood aspects of this, we invite these persons to contact us and set us right. Minutes of the meetings are contained in the Appendices.

Chapter V offers a general framework for thinking about social housing. It also offers our views on some of the basic conceptual issues. This is designed to clear away some underbrush so that substantive discussions can be based on an awareness of and even perhaps some agreement about the basic terms and the dimensions of the problem.

Chapter VI is a description of the basic characteristics of the current system.

Chapter VII reaches some general conclusions on how well the present system is, in fact, meeting core need.

Chapter VIII then moves to recommend several options for improving how well need is being met.

Chapter IX is a brief closing summary.

Additional background data are contained in the Appendices.

Please note that, due to writing and production deadlines, submissions received after April 14 have not been reflected in this preliminary report.

Because it is the main focus of existing programming, we have concentrated primarily on the social need for and provision of rental accommodation. Where we have included home ownership, this is made clear in the text.

In some instances, data given to us were inconsistent, often because they were based on different definitions or assumptions. Some of these inconsistencies are unavoidably reflected in this preliminary report.

We would like to thank all those assisting the Commission.

III.

THE ORGANIZATION OF THE INQUIRY

A. THE COMMISSION OF INQUIRY

The Order-in-Council establishing the Inquiry also set the basic framework for its organization.

Three Commissioners were appointed. They are:

- Chairman James Cosh. Mr. Cosh is a chartered accountant, and the managing partner of the Vancouver office of Thorne Riddell, the national chartered accounting firm.

- Vice-Chairman Shelley Tratch. Ms. Tratch is a barrister and solicitor with the Vancouver law firm of Ladner Downs.

- Commissioner James Cutt. Dr. Cutt is a professor of public administration at the University of Victoria.

All three have general familiarity with the public policy process, but they have not been and are not now personally associated with either private or public sector agencies directly involved with social housing.

The Commission was authorized to secure necessary professional services. These included:

- the appointment of Swinton and Company of Vancouver to provide legal counsel and advice. Mr. Donald J. Sorochan, barrister and solicitor, was appointed counsel to the Commission.

- Connor Development Services Limited of Victoria was retained to handle the extensive public consultation process. This included documentation and analysis of the results of these events.

- Thorne Stevenson & Kellogg, the national management consulting firm, was retained to provide assistance with data collection, analyses, and the production of the final report. Members of the Thorne Riddell staff, both support and professional, also assisted.

In addition to the above, an office manager was hired.

The Commission opened an office in the Board of Trade Building, 1200 - 1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3. Members of the public were able to contact the Commission by letter, telephone or personal visit to this address.

B. METHODS OF INQUIRY

This section presents the situation which the Commission faced on March 19, the day the Inquiry began, the objectives which it set for itself, the type of inquiry which it devised and the main elements in the Inquiry process. In this we were guided by the wish to gather information as broadly as possible. In particular, we hoped to hear from all interested segments of the social housing community. We saw it as vital to "inventory" the range of opinions and to "map" the positions of different agencies on these issues. This information is essential if we are to identify the areas of shared opinions, from which some form of common understanding may emerge.

1. Background Situation

Features of the situation facing the Commission on its appointment were these:

- a number of studies of social housing and related subjects had been completed in the past few years. Some of these studies were designed and carried out by those who delivered the services being evaluated. Some have been criticized for a lack of objectivity or other reasons;

- concerns had been expressed by individuals and groups by letter and in the media about the efficiency and effectiveness of current social and cooperative housing programs. These included allegations concerning the inappropriate use of public funds.

Some 26 interest groups contributed to a report on social housing published in January 1986 by the British Columbia Housing Management Committee (BCHMC. See A Social Housing Report for British Columbia). Their assistance would be important. It was felt they should have the opportunity to revise or update the work they had recently completed for this study.

The larger general public also has a clear stake in this issue, but has not previously had much opportunity to obtain information about it or register their views.

While the focus of many social housing issues is in the Lower Mainland, the Commission would need to investigate the situation in some of the principal communities across the Province.

The underlying issue of the allocation of limited resources for social housing, and the competition for such resources in the past, suggested to the Commission that an informative and consultative process should be developed and implemented. By this, areas of common ground could be identified. Ideally, public ideas on social housing could form the

foundation for social housing policies and programs. To the extent that government policies are based on a correct analysis of public need, they are more likely to be technically sound, economically feasible, generally understood and accepted by most of those affected; and would thus be politically feasible.

While the Commission was established "to inquire", the normal practice of public inquiries in Canada[1] and the expectations of the public and government, require that the Commission not simply compile facts. It is also necessary to analyze them and work towards the resolution of any conflicts on the core issues.

2. Objectives of the Inquiry

Within its charge "to inquire into the effectiveness of the delivery of social housing in British Columbia in serving the most in need of assistance in obtaining affordable housing", the Commission defined these five more specific objectives:

- to identify the nature of and need for social housing;
- to describe and assess the current delivery system;
- to estimate the extent of unmet needs for social housing;
- to generate a set of policy options whereby social housing could be provided more cost-effectively to those most in need of it. This would include a mechanism to review and assess both social housing needs and the effectiveness of public policies and programs for meeting them in future years;
- despite the time limit imposed for the preliminary report, to work in such ways as to:
  - a. better inform and interest the general public in the issues;
  - b. enlist the cooperation of a broad range of interest groups;
  - c. increase the extent of mutual acceptance, understanding and shared goals amongst these groups so that the area of common ground for social housing policies and programs would be increased.

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1 Anthony, R.J. and A.R. Lucas, "A Handbook on the Conduct of Public Inquiries in Canada", Butterworths, Toronto, 1985, p. 2.

3. Designing the Type of Inquiry

In view of the situation and objectives outlined above, and the ever-advancing April 22 deadline, a unique and efficient form of public inquiry was required.

Within the Inquiry Act, Part II, inquiries may have either an informative or an investigative character. This Commission would need both aspects to deal not only with the facts of the social housing issues, needs, policies and programs, but also with the allegations of improprieties. For the latter, a judicial-style formal process with provision for accepting evidence under oath and the cross-examination of witnesses would be necessary. Thus, the Commission opted to use two different modes of inquiry.

While public hearings are a standard procedure for informative inquiries, they require more time than the April 22 deadline permitted. They also tend to foster an adversarial relationship amongst the various interests, which could have left the Commission with the difficult, if not impossible, task of reconciling conflicting views.

As an alternative, the workshop approach brings people with differing perspectives together and can lead them towards greater mutual acceptance and understanding, and the sharing of goals. The essence of this method is that a mix of agencies with interest in the issues are invited to participate in a session under the guidance of a skilled facilitator. Participation is by invitation. Whether this could be realized under the time pressures was less certain. But the alternatives, e.g. traditional public hearings, seemed less productive. Accordingly, a series of workshops was held.

Since workshop meetings with group leaders could not provide direct access to the Commission for all interested individuals, a telephone hotline was established. A recording device for use after regular business hours was installed in the Commission's office. The hotline was manned by researchers working with the Commission. This enabled Commission staff to answer questions, record position statements and complaints, and refer those with particular concerns to the right place. The public was also invited by newspaper ads to prepare submissions.

Within the time available, a productive relationship with the media was also sought as an important element in achieving the Commission's public information objectives. A clipping service was contacted to monitor newspaper coverage of the Commission across the Province.

In summary, the Commission designed an inquiry mode which was:

- educational for itself, other participants and the public at large;
- consultative with the leaders of many relevant interest groups;
- investigative, preferably in a low profile manner, for the examination of allegations of impropriety in the delivery and management of social housing.

4. Process and Chronology

March 19	Commission of Inquiry announced.
March 24 to March 28	Office established, staff retained, newspaper advertisement and news releases drafted and hotline installed. Commissioners met with specialists on the inquiry process and social housing for intensive briefings. Public information and consultation program designed.
March 31 to April 3	An advertisement (see the Appendix) appeared for three days in Vancouver and Victoria newspapers and once in the principal provincial papers.
April 1 to April 4	A letter was sent to the 26 groups contributing to the recent BCHMC social housing study, inviting any additions to their briefs (copies of which were obtained by the Commission). Those who had not prepared them earlier were invited to prepare new briefs. Commission staff commenced analysis of these briefs and other reports. The staff commenced gathering data on 10 communities beyond the Lower Mainland. Representatives of 71 interest groups were invited in six constituency groupings (seniors, disabled, low income, women with special needs, housing industry and public service agencies) for a series of half-day meetings with the Commissioners. Terms of reference and lists of participants were delivered by courier to these groups.
April 4 to April 7	Representatives of 47 groups participated in the six meetings. Detailed minutes of all meetings were distributed to all participants and invitees.
April 11	The Commissioners visited Nanaimo, Kamloops and Cranbrook to see social housing projects and meet with knowledgeable people in each community.

April 17 — Twelve representatives of the various constituencies for social housing, most of them selected by the participants at the previous meetings, worked together in a half-day plenary workshop and reviewed issues, needs, programs and policy options.

April 21 — Delivery of Preliminary Report to the Lieutenant Governor In Council.

To Come — In the near future, a Commission-sponsored Conference will be held on this Preliminary Report for interest groups and the general public. The Conference will offer an opportunity for the elaboration of concerns and priorities through discussions among participants. It will provide the Commission with a sense of where common ground exists on policy issues and principles.

As a separate activity, there will also be one or more formal Meetings of Inquiry to deal with allegations of improprieties, as they affect the social housing delivery system. Those with information which they wish to present at the hearing are asked to contact Commission Counsel Donald J. Sorochan in Vancouver at 687-2242. The Commission will provide notice to those affected by the information given to us. Advertisements will be placed announcing the dates of these meetings.

IV.

WHAT WE WERE TOLD

A. MEETINGS

1. Workshops

Over a three-day period, the Commission conducted six workshops to obtain views from various groups on the nature of problems facing social housing, the objectives of which should be pursued and the policy options which should be explored. Four workshops were held with groups representing major users of social housing facilities and services: seniors, low income households, the disabled and women with special needs. One workshop was conducted with representatives of the social housing design, construction and development communities. The final workshop was held with various ethnic, religious and service organizations, all of whom were broadly interested in policy and the design and delivery of social housing. A total of 60 persons representing 47 different groups participated in the six workshops. They are identified in the Appendices.

Most workshops generated a wide range of views and concerns reflecting the specific interests of the participants. Areas of both general agreement and specific disagreement emerged during each of the discussions. These are summarized below.

a. The Views of Seniors

Relative to other constituencies, seniors were able to reach greater agreement on which aspects of social housing policies and programs were most important. The main views expressed were as follows:

- project design must be sensitive to the unique needs of seniors. The range of services and facilities available must acknowledge the changing needs for housing and associated services of many seniors;
- the design of seniors' housing must also consider the location of projects in relation to services;
- it is critical that the care needs of seniors be considered during the development of shelter;
- ideally, seniors should participate in the design and management of social housing in which they reside;

- it is important that housing be efficiently built and provide security of tenure.

b. The Views of the Disabled

The disabled groups have a wide diversity of housing needs. Views emerging from the workshop include the following:

- the supply of affordable, suitably located housing, appropriate for various disabled groups, must be increased;
- it is critical that disabled persons have access to housing in developments that provide a mix of incomes, age groups and family types;
- the disabled need to have the ability to exercise control over their own lives and become full members of society - the disabled should participate in the design and management of housing developments along with other client groups;
- the care need requirements of various disabled groups must be fully reflected in the design of housing;
- flexible assistance is required to meet the needs of the disabled persons who require a live-in helper or incur other handicapped-related costs;
- a Provincial registry linking needy disabled persons to available housing is needed;
- the cooperative style of housing is considered a good mechanism by which to develop suitable housing for the disabled.

c. The Views of Women with Special Needs

This group expressed the following views:

- the unavailability of affordable housing is a problem for many women with special needs. Lack of housing causes many women to return to undesirable, and sometimes dangerous, home situations, i.e. battered women;
- a growing number of women aged 40 to 55 face serious housing problems. These women have typically experienced a major change in their personal circumstances, have few job skills and limited experience with independent living and require shelter and support through a transition period;

- although special needs housing may require confidential locations in some cases (e.g. Transition Homes), it is important to provide housing in developments that reflect a balance of incomes and family types;

- location of housing accessible to transportation and support services is important; and

- security of tenure is important.

d. The Views of Low Income Households

This group encompassed a wide variety and diversity of interests and concerns, including those of non-profit societies, tenant associations, cooperatives, the private sector and a government housing corporation. Emerging from the discussion were several common themes:

- more social housing is required;

- social housing programs should focus on increasing the supply of affordable housing;

- the private sector is already heavily involved in the construction of social housing. The private sector should not own or manage social housing;

- generally, too much emphasis is given to providing housing at the lowest cost. There should be more concern given to factors of housing suitability, quality and long-term cost;

- targeting of housing to the needy is important, but "need" should not only be defined in terms of income;

- the integration of a mix of income and family types in projects is a top priority;

- security of tenure is critical, as is community control;

- communities should provide a balance of income groups;

- there should be resident input into the design of housing.

e. The Views of the Housing Industry

The most commonly stated views were:

- many consider demand-side programs (e.g. rent supplements) more effective and efficient than supply-side programs;

- the long-term cost-effectiveness of social housing should be measured in terms of the quality of construction - quality construction is often cheaper;

- the proposal call system is an appropriate system for social housing development;

- the integration of income groups is an important consideration;

- increased provincial/municipal coordination is required.

f. **The Views of Ethnic, Church and Community Service Groups**

A large number of issues and concerns were raised by this group. The following views appeared to have particular significance to most of those attending:

- greater provincial/municipal coordination is required;

- demand-side assistance is often the best solution for problems of affordability;

- integration of social housing should refer to income mix, ethnicity and cultural grouping; ethnic ties between the project and surrounding community are critical;

- it is important to facilitate human interaction within each housing development;

- management of social housing should be by the public sector, non-profit organizations and residents; ownership should be by the public sector, non-profit and cooperative organizations;

- although mixing is a worthy objective in most social housing projects, it should be acknowledged that in some cases a homogeneous project may be preferable (e.g. older single men from the urban core area).

B. SUMMARY OF HOTLINE ACTIVITIES

As of April 14, 1986, approximately 80 telephone interviews had been conducted and logged. In addition, there was a substantial number of repeat calls, which were not logged separately unless a new issue or concern was expressed. Also, calls for information or clarification were not logged. There were some 200 hotline calls to April 11.

About half the hotline interviews were conducted with persons choosing to remain anonymous. The vast majority of calls from persons "on the record" originated from the Greater Vancouver area. A small number were received from Victoria; three calls came from residents of the Interior of the Province.

Several callers made allegations regarding the actions of certain co-op housing development board members, residents and managers of certain B.C. Housing Management Commission developments. The allegations which by their nature suggested further investigation, were forwarded to the Commission's legal counsel for review. These are now being examined.

Most concerns involved allegations of favouritism and "cronyism" among some co-op directors, inefficient and extravagant use of funds and discrimination against certain ethnic groups and low-income persons. Persons voicing concerns included both past and present co-op members. It should be noted that in nearly all cases, the callers support the concept of cooperative housing but complain that directors need to be more accountable for their actions.

Many callers expressed a multiplicity of viewpoints regarding social housing. Some of these appeared to be contradictory or based on a very limited awareness of issues. The following reflects this range of views:

A large body of calls voiced unqualified support for co-op housing for reasons such as security of tenure, healthy social environment, etc.

Many callers supported both better targeting of delivery to the needy and the goal of income mixing.

Several callers who were evidently members of low-income groups, seniors or disabled, were concerned about a lack of affordable and decent housing.

A small number of callers voiced outright opposition to any government expenditures on social housing.

One of the subjects which gained unanimous support was the need to avoid developing large scale social housing projects with only low-income residents.

In some instances, BCHMC staff were said to be uncooperative and insensitive to a variety of problems affecting the physical plant of low-income rental housing developments. Some callers also complained that the developments promoted apathy among the residents and did not provide an atmosphere conducive to self-resolution of problems.

A number of calls voiced specific complaints at the time frame allowed for the Inquiry, feeling it was too hurried.

One caller expressed support for rental subsidies.

C. VIEWS EXPRESSED IN WRITTEN SUBMISSION

As of April 14, the Commissioners had received 137 written submissions. Of these, 84 were from the general public, nine from the building industry, eight from real estate organizations, six from government, 28 from church and social advocacy groups and two from cooperative housing advisory groups. Of the 137 submissions analyzed, 10 were from outside the Lower Mainland.

The General Public

1. These views incorporate those of 33 current co-op residents, three disgruntled former residents, two individuals living in social housing projects and 46 members of the public concerned about social housing.

   A significant number of submissions from the general public focused on cooperative housing. The main points expressed by those supporting cooperative housing were:

   - cooperative housing structures provide many non-monetary benefits both for society and co-op members. Co-ops were perceived to provide a strong sense of community, foster greater community involvement, reduce ghettoization, and provide positive success models to low income earners and socially deprived families. These were said to help break the welfare cycle, and offer security of tenure to residents;

   - the private sector does not provide enough affordable and livable housing, so government should provide and support the necessary level of social housing;

   - co-op housing is a particularly attractive option for housing for a much neglected group - the working poor - who may not be eligible for some other forms of housing support;

   - the provision of social housing must be close to amenities and involves more than just provision of housing;

   - there is a need for a housing strategy with publicly stated policies;

   - mortgage subsidies are a better way to finance social housing than rent supplements and shelter allowances.

   Those of the general public with negative views about the co-op housing experience felt that:

   - truly needy are not being served by co-ops and in fact middle and upper income earners are profiting from co-ops;

- there is favouritism in the selection of residents. Friends of current residents are favoured by those who run the co-ops over the truly needy;

- the 25% ceiling on the number of lower income residents living in some co-ops excludes really needy people;

- there should be greater checks and balances on the management of co-ops;

- co-op members lack the essential management skills to make projects run effectively;

- once a person's financial situation improves, one should move out of a co-op.

Those members of the general public expressing views on other issues felt that:

- the private sector should play a strong role in the provision of social housing;

- social housing should not be located in areas with premium land costs;

- social housing residents should acquire no equity in housing projects;

- shelter allowances are a better method of providing social housing and satisfaction of individual family housing needs than the construction of co-ops;

- social housing administration requires an expensive infrastructure and stimulates unnecessary bureaucracy;

- social housing projects should be extremely small in nature.

Other general concerns raised by the public were:

- How does one define need? Some groups felt that the upper limit on earned income in BCHMC-managed units should be increased from $25,000 to $33,000;

- BCHMC rents were too high, and should only be 25% rather than 30% of tenants' incomes as they are in co-ops;

- some complexes run by BCHMC do not allow tenants sufficient privacy;

- There is a danger that social housing projects can be abused. Kickbacks are sometimes made to planners, co-op managements and

the construction industry. Project sites are sometimes determined by political constituency considerations, rather than need;

- Social housing projects must be flexible enough to cater to a variety of needs (handicapped, seniors) in a variety of communities (small rural to large urban).

2. Building Industry Views

The building industry expressed concerns that:

- government-subsidized housing was competing unfairly with the private sector;
- middle income groups should be home owners;
- union representatives of the building industry felt that the lowest cost bidder contract allocation promotes construction of shoddy buildings;
- the allocation of social housing is not cost-effective;
- co-op and non-profit agency managers do not have sufficient management expertise and knowledge of the construction industry to provide least-cost housing.

3. Real Estate Industry Views

The real estate perspective on social housing was that:

- social housing should not be located on premium land;
- subsidized mortgages are too costly for the economy;
- the really needy are not being cared for;
- shelter allowances to enable the needy to live in existing accommodation and housing provided by the private sector are most desirable;
- co-op housing inflates land prices;
- to prevent ghettoization, housing projects for the needy should be very small and integrated into the community;
- vacant housing should be used to accommodate the needy;

- the private sector should gain access to subsidized mortgage programs.

4. Municipal Government Views

Municipal government submissions stressed that:

- municipal governments should take a strong leading role in the provision of social housing;
- there is a need for a variety of social services for the seniors and the handicapped;
- there is a need for housing assistance to single-parent families, the unemployed and the working poor.

One municipality attempted to develop a sliding scale for subsidies and to define a method of designating need. A mayor from a resource industry town identified the need for housing assistance for residents of these towns not housed under the resource company's housing program, because of the high cost of this housing.

5. Social Advocacy and Church Group Views

Social advocacy and church groups expressed the following concerns about social housing:

- non-profit groups are the most desirable providers of social housing;
- a mix of housing services and subsidies should be available;
- most groups favour mortgage subsidies over rent subsidies;
- housing subsidies should not fall into the hands of landlords;
- there should be a mix of incomes in social housing projects;
- there is a large need for housing projects for the mentally handicapped;
- conclusions in the B.C. Housing Management Commission report on social housing published in January 1986, are wrong and inadequate. (There was also some degree of support for the conclusions.);
- the government should have a registry of housing which can quickly pinpoint availability of housing;

- the lowest bidder contract system does not provide the best quality social housing;

- the perception that the private sector does not benefit from the program of social housing construction is inaccurate because the private sector is heavily involved in social housing construction and in providing services;

- there is need for a strategy to develop a stock of affordable housing. The government lacks an effective program;

- with the aging of the population there will be an increased need for seniors social housing;

- housing provided by the private sector is unsuitable for mentally ill and other disadvantaged groups because these groups get forced out of private sector accommodation when the real estate market is booming.

6. Co-op Advisory Group Views

The cooperative advisory groups were concerned that:

- the private sector does not respond adequately to need;

- rent subsidies result in the worst housing units being used.

In summary, a number of key themes were reiterated in the submissions made to the Commission. These were:

- Is the cooperative housing system being "abused" and does it really provide housing opportunities for the needy?

- To what degree is private sector involvement in social housing desirable?

- What constitutes being "needy" and what are the best ways to meet this need?

- What are the relative advantages of mortgage subsidies compared to rent subsidies and shelter allowances?

Only a few of the submissions attempted to grapple with the definition of need and used criteria such as income and individual requirements. Most submissions identified the needy in general terms such as the working poor, single families, the elderly and the handicapped.

Many of the submissions contained detailed recommendations as to how these complex issues might best be addressed. These recommendations have become part of the Commissioner's deliberations.

D. MEETINGS WITH COMMUNITIES OUTSIDE OF LOWER MAINLAND

On April 11, the Commissioners each visited a different community in British Columbia in order to meet with a variety of local politicians, community leaders, social housing managers and residents, labour representatives and social service agencies. Commissioners wanted to learn of local and regional housing concerns and to visit local social housing programs.

Communities visited were chosen according to criteria of geography and accessibility. Given the time constraints of the study, it was not possible to visit a sample of communities representative of other important criteria such as size, degree of remoteness, demographic composition, number of social housing projects, or uniqueness of housing needs.

The following is a brief account of each of the three community visits.

1. James Cutt visited Nanaimo, and first met with Ms. Allison Habkirk, a community planner with the City. She reported that the vacancy rate in Nanaimo has fallen from about 20% to 6%, although rents do not seem to be rising correspondingly. Generally, private-sector housing appears to be meeting housing demand in Nanaimo, except for special needs housing, including emergency shelter and second stage housing. Accommodation for seniors appears to be adequate, although a waiting list persists for accommodation in intermediate care facilities.

   The need for emergency shelters and second stage housing in Nanaimo is critical, as it is in many communities outside of the Lower Mainland.

   Mr. Cutt also visited Ms. Laurel Henderson, the manager of a 34-unit BCHMC project in Nanaimo. The project is situated in a low-density residential area, near farmland. All units in the project are income-tested, and all house families, primarily single-parent families (over half of which are headed by women). The turnover of tenants in the project is relatively high, so that the project seems to act as a "transitional" housing to some extent. This is encouraged through management policies for the project - for example, internal movement among units in the project is not allowed. The project was an infill project and is well-integrated with the surrounding community in terms of design and lifestyle, although not necessarily by income.

   Mr. John Hillrich of the Unemployed Action Centre in downtown Nanaimo identified children, battered women and adolescents as urgently requiring emergency shelter facilities. As well, the number of mentally handicapped people requiring accommodation has increased since deinstitutionalization policies have been in effect. Some middle-aged men and women are without homes in the community. There is a relatively high proportion of existing housing stock in the community which is substandard, and this phenomenon is common among communities outside of

the large urban centres. Finally, Mr. Hillrich stressed that all housing policies should work towards providing integrated communities, integrated not only by income but by family type, age, physical capability, and ethnicity.

2. Commission Chairman James Cosh visited Kamloops and met first with the BCHMC District Manager, Tom Proudbek, and the Department of Lands' local manager, Mr. Hamm. A demographic profile of Kamloops illustrates that the community's age distribution is not typical in that there is a "bulge" in the 20 to 35 age cohort, and the community has a large number of single parents. The supply of seniors' housing appears to be adequate.

The closure in 1984 of Tranquille, an institution for mentally handicapped people, has been a success. Former residents are now living in the community, many in group homes.

Resource people at the local Ministry of Human Resources reported that single-parent families headed by women, and middle-aged women are the two groups most in need of housing currently. Higher income supplements for these women are required in order for them to find appropriate shelter in Kamloops. Some of the private-sector stock in the community is in disrepair.

Workers in the Long-Term Care program reported that more than 20% of patients currently in local care facilities could be living independently in the community if better support services were available to help keep people in their homes. The Homemakers' Society echoed this idea and indicated that the top priority should be support systems for seniors. The delivery system is in place, but budgets are too thin to keep these systems effective.

Women's groups in Kamloops focussed on the need for better shelter facilities (including second stage housing) for women, particularly teenage moms. Women re-entering the workforce also find that housing is not affordable because of "start-up" costs associated with working again (transportation and clothing costs rise). Again, a number of existing private rental projects in poor repair was mentioned.

The Economic Development Officer at City Hall explained that since amalgamation in Kamloops, zoning per se has not been used as a regulatory tool by the municipality. Land uses emerge and change according to a set of evaluative criteria on a site-by-site basis, rather than an area zoning plan. This means that housing can be located in proximity to commercial, institutional, park, or light industrial uses. He also explained that the City does not have an active inspection program for existing apartments, checking maintenance and health conditions.

Mr. Cosh made brief field visits to some of the privately-owned housing stock and found it to be in poor condition, as community leaders had indicated. The City appears to have relaxed enforcement of housing standards, and the resulting disrepair of some of the housing stock is visible.

The 12 duplex units operated by BCHMC are in good repair and well accepted by the community. The 60-unit cooperative, which currently has a vacancy, is about one mile from shopping facilities and about four miles from the City centre where educational and work opportunities exist for single parents and teenage mothers.

3. Vice-Chairman Shelley Tratch visited Cranbrook in the East Kootenays. The population is 17,500 (1983); unemployment is 13.4% in the East Kootenays; the average age in the community is 26; and the community has a vacancy rate of 10.5% (October 1985). The community has a number of business club organizations and social services including homemaking, Meals on Wheels, housekeeping services offered by "Hospice", and special transit services for the disabled and elderly.

Don Barker, Maintenance/Housing Coordinator for BCHMC, and local agent John O'Reilly, spoke with Ms. Tratch about the 44 family units managed by BCHMC. The eight two-bedroom units are in fourplexes; the two four-bedroom units are single family dwellings, and the 34 three-bedroom units are in a combination of townhouses, duplexes and single-family dwellings. The BCHMC also manages 17 units under the Assisted Rental Program (ARP), which are scattered among three projects. Of the 61 units in total, only four were vacant at the time of the visit, and these were all committed. The BCHMC family units were all very well maintained, to standards matching (and in some cases exceeding) those in the surrounding community. It was reported that the "families-only" policy for these units can cause hardship for low-income young couples without children and for empty-nesters who must leave the project once their children leave. Generally, housing for seniors (other than long-term care facilities) was considered adequate in the area, but middle-aged singles require more housing options.

Doug Hislop, of the Department of Mental Health, and George Laurie of the Rocky Mountain Housing Society, explained that their non-profit society plans, builds, and now operates three community living homes for the disabled. These homes were originally conceived for emotionally/psychiatrically handicapped individuals but are now housing the physically handicapped as well. The homes manage to provide a cooperative living style for residents, but are not "cooperative associations". These group homes provide a "community living skills" program, have been designed with the assistance of the residents, and can act as transitional housing for residents who are awaiting long term care facilities. The life skills program also helps send residents back into the community. The society's president reported that the group homes have been very successful in the area.

A number of the BCHMC projects were visited. Ms. Tratch spoke with tenants in the townhouses or "row housing" units. Tenants appeared content with their homes and, although all units are income-tested, no one referred to a feeling of ghettoization. All units are very well maintained and it was felt that this was a key factor in the acceptance of the projects in the community.

The Mountain View Seniors' Housing Project, built and operated by the Lions Club, was also visited. However, Ms. Tratch was unable to speak with any of the residents.

There was a general concern that some of the privately-owned housing utilized under the Rental Assistant Program was not being adequately maintained. There was some frustration on the part of BCHMC personnel in being unable to do anything about this lack of maintenance.

The Commissioner's general impression was that Cranbrook's residents are relatively well-housed.

E. THE PLENARY WORKSHOP

Following the consultations indicated above, the Commission held a plenary workshop in Vancouver on April 17. It was attended by the three Commissioners and 12 representatives of various perspectives on social housing. These people had been selected to represent their various constituencies at the six previous workshops described earlier. These constituencies were: senior citizens, the disabled, low income families, women with special needs, the housing industry, and public service organizations.

The workshop's major objective was to collect feedback about the relative advantages and disadvantages of social housing programs and the degree of acceptance of a range of options for improving effectiveness in meeting social housing need.

To provide a point of departure, the Commissioners prepared a draft list of options for discussion. These were synthesized by drawing upon the written submissions and briefs, hotline interviews, workshops, meetings with government officials and agencies, field trips to social housing projects and research reports.

The workshop participants entered into an open and vigorous discussion. The outcome was that, notwithstanding their diverse interests, a good deal of common understanding developed on the strengths and weaknesses of social housing.

Those policies gaining the broadest agreement included these:

- the planning of social housing must include location factors such as distance from public transportation, community services, etc.;
- social housing programs must be flexible enough to respond to changing needs;
- the ownership of social housing should be subject to strict controls to ensure that it is available indefinitely for true social housing purposes;
- planning of social housing for the disabled must include input from them. Where possible, particular individuals should be identified prior to design and construction of the unit to ensure that specific needs are met;
- projects designed for seniors or disabled people should integrate all levels of care, so that they need not be relocated when their care requirements change;
- security of tenure is an important element of all social housing;

- integration should include integration of tenants with different profiles, i.e. seniors, families and disabled in one project;

- more emphasis should be placed upon the individual concerns of the various constituencies which are using social housing, both when targeting and designing social housing projects.

The workshop participants did express some diversity of opinion. For example, there were differing views on the conditions under which demand-side social housing programs should be used. There were also differences of opinion regarding the pros and cons of developing large scale vs. small scale public housing projects. Despite these differences, the overall direction of the workshop was towards a convergence of opinion. The differences, where they occurred, appeared to be more of a technical nature than matters of principle.

There were several areas where the participants were able to reach consensus. Overall, it was recognized that social housing programs should be long-term in nature and that better coordination among the various government agencies delivering facilities and services is essential. It was also acknowledged that more public education is required to provide accurate and current information about social housing issues. Finally, there was widespread support for the establishment of a permanent social housing advisory committee which would encompass groups representing a range of interests in social housing.

V.

SOCIAL HOUSING: SOME CONCEPTS

A. A WORKING DEFINITION OF SOCIAL HOUSING

When the Social Housing Commission received its assignment to inquire into the effectiveness of the delivery of social housing in British Columbia, it first looked at definitions contained in previous studies on housing assistance at the Federal and Provincial level. A quick glance indicates the diversity of views on how social housing should be defined. The Commission also toured a number of social housing facilities. In so doing, they quickly realized that housing assistance is provided in many forms. These included:

- units owned by the Province or a service club and provided to those with special needs or unable to pay rent;
- special facilities operated by various ministries of the Provincial Government to assist those with a combination of housing needs and support requirements;
- payments to landlords to make rents more affordable;
- payments to individuals to assist them in meeting their shelter costs.

Playing a part in this assistance are several levels of government and many charitable organizations.

Faced with a need to get a quick understanding of the wide range of housing assistance available in the community, the Commission decided to adopt the following as a working definition of social housing: "Any set of circumstance where the community at large contributes to the cost of shelter for an individual or group of individuals".

This definition includes the more common situation where the community contributes through income or other taxes and the federal, provincial or municipal government directs the contribution to an individual. That contribution could be the construction of units, payment to landlords or a payment to the individual on account of his or her shelter costs. It also includes the housing assistance provided by private agencies such as the Salvation Army, which collects funds from the community by way of donations and uses them to provide shelter to transients, and others.

Using the above definition, the Commission concentrated its efforts on examining the effectiveness of making that assistance available to the needy. Effectiveness is measured by how well the shelter assistance matches the actual needs of the individual or groups of individuals, and the long-

term costs and benefits of the expenditure, keeping in mind housing standards and social objectives.

As the inquiry progressed this definition was refined and elaborated.

B. SOME CAUSES OF SOCIAL HOUSING NEED

This is a field filled with paradox. One of these is that despite the term "social housing" being widely used, there is little agreement on its meaning.

Finding a proper definition is worth the effort. Having an imperfect understanding of social housing need can have a negative affect on programming effectiveness.

To avail this we shall use "social housing" to denote housing which meets needs arising from one or more of three circumstances:

- low household income;
- physical or mental disability or infirmity;
- sudden loss of housing due to unplanned events (fire, family dispute, eviction, etc.).

When the nature of these circumstances prevents housing needs from being adequately met by the private housing market and consequently requires some form of public or community action if the need is to be satisfied, social housing is required.

1. Low Income

Low household income has three kinds of impacts on housing. In the first, the available income is so small or intermittent as to prevent the purchase of shelter in any form. The chronically homeless are in this category. The provincial social assistance (GAIN) program has the potential to satisfy most of this type of need. Recently, however, there have been indications in the press that homelessness is a growing problem in North America. This is an area for further examination.

The second problem caused by low income is being forced to settle for housing that is, in some sense, inadequate. Inadequacy may mean housing that is too small for the family size, is substandard, or otherwise seriously limits the family's social or economic opportunities. Standards of adequacy are, however, difficult to agree upon; so the quantification of inadequacy is also difficult.

The third income related problem is that the amount of income left over after housing costs are met is inadequate to meet the necessities of life.

Of course, problems two and three can occur in the same family.

It follows that if the need for social housing is rooted, in large part, in income inadequacies and in the special housing design requirements of the disabled and infirm, the problem is a long-term one. Nor can the social housing "problem" be met only by responses from public or private housing agencies. The larger issues are income distribution, access to paid work and the prevention of disability and infirmity. How well society deals with these matters will affect the extent of the future need for social housing. Neither the causes of the need for social housing nor the solutions to this need lie solely with the housing sector itself.

2. Physical or Mental Disability

Physical or mental disability cause their own unique housing design requirements, which may add to the capital cost. Wheelchair access, ramps, lifts, modified bathrooms and kitchens are examples. As well, group or congregate living arrangements may require special facilities. Some elderly, because of infirmities, require housing with special features, from grab bars to systems to monitor their well-being. Also, there may be a need for the physical accommodation of support facilities, such as central dining and recreation rooms and quarters for resident superintendents and care providers. This is especially true of those over 75 years of age.

Many people in these groups are caught in a double bind. The housing they require is more expensive than regular housing; yet their physical and mental state makes it difficult or impossible to earn even the income necessary for specialized housing. So, even if many of these citizens had median incomes for their age group, they would still be "in need". They can be faced with above-average housing costs and this is compounded by the related issue of the cost of social services.

Those in this category may confront both the set of problems listed under low income and an additional set arising from the need for housing built to very special design standards. For the disabled, issues of both access and availability arise.

3. Loss of Residence

Many of those experiencing the abrupt loss of regular housing must have immediate access to temporary shelter, which may offer special social services, e.g. battered women.

Temporary shelter programs need to be able to help determine if a return to the former residence is or is not feasible. If it is not, the long-term problem is often a variant of the low income or disability issues.

It follows from the above that we recognize as social housing "programs" those designed to deal, in some way, with these three main causes of unmet housing need. In recent years the Province has placed increasing emphasis on the requirement that to be in need one must face both problems of income deficiency and housing inadequacy.

C. THE EFFECTIVENESS OF SOCIAL HOUSING IN THE HOUSING MARKET: A FRAMEWORK FOR ANALYSIS

1. Introduction

Before one can hope to measure the effectiveness of social housing programs, whether current or future, it is necessary to develop a framework within which to analyze program effectiveness. This Chapter presents our thoughts on how such a framework might be developed.

The varied preferences and needs of the majority of British Columbians for housing are met most efficiently by the interplay of many buyers and many sellers in the private housing market. The need for social housing arises because of inefficiencies in the working of this market, and because of low incomes.

The housing market is characterized by relative inflexibility on the part of producers because of the long gestation period in bringing new dwelling units to the market. This suggests intervention to resolve inflexibility in response to changing needs and lack of ability to respond to emergencies. Second, the specific needs of such groups as the elderly and the disabled for housing of particular design and location which must be coordinated with other social services (the "care component of housing"), will generally need to be met on a non-market basis. Third, unsuitable housing conditions may impose external costs on society in such areas as health, social stability, and law enforcement - suggesting intervention to reduce such costs. A fourth market weakness may occur if capital markets function imperfectly, suggesting intervention to improve the supply of mortgage credit. These various components of market inefficiency suggest the need for intervention.

Even where suitable housing can be provided by the market, family economic circumstances may be such that they cannot afford to pay the going market price for suitable housing. This is a question of income distribution rather than housing market imperfection, and suggests intervention to provide income supplementation specifically earmarked for housing. Frequently those without adequate means to purchase housing are also those with particular housing needs which the market does not serve well.

There is, therefore, a case for supplementing the operations of the private market for housing by improving its operations, providing services which it does not provide, and redistributing income. Such supplementation we define as "social housing policy". We wish to stress that the extent of the need for social housing, and, therefore, the nature of it, depends on how well the private housing market is functioning. This will vary considerably over time and geographically

across a large and diverse province like British Columbia. It should also be stressed that the operations of the private market may be impaired by the policies of various levels of government directed at areas other than housing that nevertheless affect housing or housing policies such as zoning which directly affect the price and consumption of housing.

2. Objectives

In reviewing the results of our consultations and the written submissions, and in considering other data, we have developed initial ideas about the basic objectives which a sound social housing system should serve. We present these here because we feel neither governments nor the public share a uniform or sufficiently articulated sense of purpose.

i. To Provide Assistance to Those in Need

This objective requires that scarce resources be explicitly targeted to those in need. Need is, of course, a complex concept, particularly since preferences for types and locations of housing may vary greatly. It is usually defined to include the following two groups: first, those, such as the elderly, the disabled, or those in personal or family crisis, who have special housing needs; and, second, those who occupy unsuitable (crowded or inadequate) housing and would need to spend 30% or more of their gross income to obtain suitable and accessible accommodation, or those who occupy suitable housing but spend more than 30% of their income on it.

ii. To Promote the Development of Balanced and Integrated Communities

This objective relates to the avoidance of "ghettoization", and the development of communities which should contain individuals and families from various income groups, and indeed also individuals and families varied across other dimensions such as age, physical and mental ability, and ethnicity. This objective must, of course, be reconciled with individual and family preferences, and must also be carefully defined in the light of what appears to be a conflict with the first objective defined above.

iii. To Accommodate Individual or Family Preference

This objective relates to flexibility in the provision of social housing to provide the variety and choice reflecting the wide range of individual and family preferences.

iv. **To Provide Individuals and Families with Participation in and Therefore Control Over Their Housing Circumstances**

This objective relates to the personal and family development or "self-improvement" which participation and control are likely to promote.

v. **To Provide Individuals and Families with Incentives to Economic Self-Improvement and thus to Movement out of Beneficiary Status Back to Market Housing**

This objective relates to the provision of incentives, say, with respect to the rate of rent increases in relation to individual or family income, to improve economic status. It also includes, obviously, the avoidance of the corresponding disincentives.

vi. **To Provide Reasonable Stability and Therefore Security to Beneficiaries**

This objective relates to the provision of "reasonable" security in whatever form of social housing benefit is enjoyed by individuals and families and, therefore, to the avoidance of instability in social housing policies, and to predictability and security of tenancy related to the circumstances of beneficiaries.

vii. **To Provide Access to Social Housing in Appropriate Locations**

This objective is linked to the question of preference discussed above, but relates more specifically to the needs of beneficiaries for access to services such as transportation, and for services in "familiar" areas.

viii. **To Provide Social Housing which is Physically Designed to Accommodate the Particular Needs of Beneficiaries**

This relates specifically to the provision of housing stock addressed to the particular needs of groups of beneficiaries such as the elderly or the disabled.

3. **Reasonable Constraints on Provision of Social Housing**

There are always constraints on the achievement of objectives, however noble these objectives may be. These social housing objectives may be pursued subject to these general constraints:

i. Social Housing Policies Should be Provided as Efficiently as Possible

This principle requires that social housing policies be cost-effective; that is, attain the specified objective or set of objectives at least cost.

ii. Social Housing Policies Should be Designed and Implemented so as to Minimize Unintended Effects on the Private Housing Market

Social housing policies are designed to modify market forces to enable beneficiaries to function in the market, but should not otherwise impede or distort market forces. The problem may arise that the system which serves well the housing needs of the majority may be inadvertently damaged by social housing policies. All social housing policies should be subject to careful monitoring and evaluation of positive and negative effects to ensure that their benefits exceed their costs.

iii. Beneficiaries of Social Housing Policies in Equal Circumstances Should be Treated Equally

This principle requires that social housing policies be "horizontally equitable". In other words, beneficiaries considered to have the same level of need should receive a similar level of benefits.

4. Framework for Analysis

Having put forward a set of objectives which suggests the direction of desired change in social housing policy, and having set out the constraints which necessarily affect the attainment of these objectives, we have provided a conceptual framework for the analysis of policy options. The use of this framework as the basis for evaluating the design and implementation of policy options requires that the question of priorities among multiple objectives be addressed; and that performance measures or criteria be associated with each objective.

i. Conflict of Objectives

The question of priorities occurs where there may be conflict of objectives, say, between targeting and integration. It also occurs more generally in all situations in which there are scarce resources. For instance, the location and design objectives may not be fully attainable in a project which achieves the targeting

objective. What is needed is the establishment of targets for the various objectives which reflect the inevitability of "give and take" or trade-offs among the objectives.

ii. Criteria for Measurement

The establishment of performance measures or criteria by which the achievement of objectives can be measured is fundamental. A set of objectives without a corresponding set of criteria is simply a wish-list. The Appendix contains an illustrative list of criteria which might be used with the set of objectives specified above. In our view, useful measures can be established for each objective as part of a general evaluation system. Particular attention needs to be given to measures of benefit and the distribution of benefit associated with the targeting objective; and to an appropriate measure of the costs associated with each policy option.

5. Policy Options

Given the objectives of social housing programs and the criteria by which these objectives will be assessed, it remains to consider the set of policy options or means by which these objectives may be pursued.

The policy options can be classified into two broad categories. Those which provide subsidies of various kinds to housing consumption are "demand-side" policies. Policies on the supply-side may be divided into three groups: first, supply-side subsidies which seek to stimulate the production of new or renovated housing; second, policies designed to improve the efficiency of private sector housing production; and, third, policies which provide new or renovated housing stock directly.

Consumption subsidies are aimed at the ability of those in need to purchase rental or retain owned housing. Such subsidies reduce the proportion of income spent on housing by increasing incomes or reducing housing costs. Income increases of this nature can be effected in several ways. First, income can be increased in a completely earmarked or "direct" manner by the provision of cash payments in the form of housing allowances paid in accordance with determined need. The SAFER program targeted on the needy elderly in British Columbia is an example. The shelter component of the GAIN income support program in British Columbia falls at a defined rate as other income rises. It can also be placed in this category. Second, income can be increased in a partially earmarked or partially "indirect" way by providing income supplementation calculated according to need defined in terms of a variety of dimensions including housing costs. Third, incomes can be

increased in a non-earmarked or indirect way by providing general income supplementation geared to an income-based need criterion without any direct reference to housing. A general negative income tax would be an example of such a program.

Subsidies to reduce shelter cost might take the form of rental subsidies in public housing projects or in existing private or non-profit housing stock. The subsidy would be paid on behalf of eligible recipients in public housing projects, or paid to landlords on behalf of eligible recipients. The line between a "demand-side" rental subsidy and a "supply-side" subsidy is a fine one; we turn now to the latter category.

Supply-side subsidies are aimed primarily at reducing the costs of constructing new housing, thus reducing the price at which the new unit can be sold. Subsidies can be provided in a variety of ways, including subsidizing the initial price of land or providing land on a leased basis at lower than market price, subsidizing the capital costs of construction or the operating costs of the program, making mortgage funds more accessible and subsidizing the provision of mortgage credit. Federal, provincial and municipal programs in British Columbia employ a variety of such methods.

Policies to improve the efficiency of private sector housing production include policies to stimulate and provide access to information on technological change in the construction industry with a view to improved productivity. Others are: policies to standardize codes and building standards and to reduce impediments to the implementation of new construction techniques; policies to reduce bottlenecks in the supply of resources for construction by, for instance, improved coordination and scheduling of public expenditure programs; and policies which maintain appropriate minimum standards of building and maintenance by removing unnecessary and frequently arbitrary and uncertain public controls on land acquisition and development, and on building codes and by-laws.

Policies designed to increase the stock of new or renovated housing directly include public housing programs which provide government housing stock to the needy.

Funding may also be provided to permit various approaches to the development and management of social housing. Both federal and provincial programs in British Columbia provide funding to development proposals by designated groups.

While governments at various levels have primary responsibility for the funding of social housing of various kinds, it should be stressed that a wide range of private non-profit and cooperative organizations,

including service and religious organizations, play a major part in developing, organizing the construction of, and managing, supply-side social housing programs. They may, in some cases, assume primary responsibility for funding. Private non-profit organizations may also assume responsibility for emergency income supplementation on the demand side. The private sector is heavily involved in social housing, particularly at the construction stage under contract to governments or public and private non-profit organizations.

The set of social housing objectives and performance criteria can be considered the basis for selection among the broad range of social housing policy options discussed above.

VI.

THE SOCIAL HOUSING DELIVERY SYSTEM

A. INTRODUCTION

1. Some Program History

In this section of our report, we outline the basic components of the social housing delivery system - the programs. We focus primarily on key programs administered by the provincial government, and cost-shared programs in place since the signing of the Global Funding Agreement with the federal government in 1979.

In the next Chapter we briefly assess how effectively the programs have met the core housing need.

In section 92 of the British North America Act the responsibility for housing was delegated to the provinces of Canada. However, even at the beginning of the 20th century it was apparent that the provinces were financially incapable of adequately responding to major housing problems. A variety of approaches have been introduced in the attempt to extend the financial capabilities of the provinces, maintain accountability for federal expenditures, and minimize constraints on the provincial right to set housing policy independently.

The first federally-funded housing program, the 1919 Housing Loans Program, required provincial administration. Federal-Provincial cost-sharing was a characteristic of the public housing program introduced in 1949 and 1964. Provincial enabling legislation and local initiatives for action have been common components of national housing policy since 1938.

2. The Social Housing Delivery System is the Result of Federal/Provincial/ Municipal Negotiations

Social housing programs are funded by:

- the Federal Government;
- the Provincial Government;
- regional governments;
- municipalities;
- societies;
- corporations;
- jointly, by any combination of the above.

For descriptions of social housing allocation methods, costs and expenditures in British Columbia, we have had to rely on a number of sources of not always comparable data. Data gaps and incomparability result from the fact that many governments are involved in the delivery of social housing. They also result from the allocation of housing and income subsidy budgets over three different ministries within the British Columbia Government.

B. THE BASIC COMPONENTS OF THE SOCIAL HOUSING SYSTEM

While housing policy is constitutionally a Provincial responsibility, the Federal Government has been involved in the social housing delivery system as a provider of funds and to support national housing goals. In compiling this inventory, we have focussed on Provincial Government housing programs that specify shelter allowances. These include Guaranteed Annual Income for Need (GAIN), income subsidies and Shelter Allowance for Elderly Renters (SAFER). We also inventory Federal/Provincial cost-shared social housing programs that have been in place since the signing of the Global Funding Agreement in 1979.

The cost-shared programs are rooted in provisions of the National Housing Act (NHA).

Almost all of the Provincial-administered cost-shared programs fit into one or two of the following categories:

- income programs;
- construction cost reduction programs;
- programs providing social services.

1. Most Federal Programs have been Intended to Drive the Supply of Housing

As a rule, Federal Government expenditures are justified on the basis that they are designed to "offer something of value" to all of the provinces and territories. In order to meet this objective, programs must be either flexible, or tightly defined to address a housing need common to all provinces.

Most of the explicit Federal Government social housing initiatives have emphasized construction, or supply-side solutions, to meet the need.

In Exhibit VI.1, we list the Federal Government social housing initiatives that have been introduced since 1938. Five of the 33 programs provide for rent supplements (income assistance). With the exception of rent and eviction controls, all of the remaining programs have provided financial assistance for the construction or renovation of affordable housing. Eight programs target moderate rental housing.

On average, Federally-initiated programs have stayed in place for five to seven years. Because most involve commitments between 15 and 50 years, expenditures for a multiplicity of programs are still on the books. However, most of the Federal Government programs that have a current impact on the provision of housing in British Columbia (or provide for cost-sharing), are enabled under sections 35, 37, 14, 15, 40, 43, 44 and 56 of the National Housing Act.

EXHIBIT VI.1

GOVERNMENT OF CANADA HOUSING PROGRAMS

1. National Housing Act

Section of the Act	Program Name	Target Housing	Year
	Limited Dividend Program	new, low rent	1938
	Rent and eviction controls	new/existing	1940
	Wartime Housing Limited	new	1941
	Home Extension Plan	conversions	1942
	Home Conversion Plan	conversions	1943
9	Limited Dividend Program	new low rent	1944
8	Loans to Rental Developers	moderate rental	
11	Guarantees to Life Insurance Cos.	new	
12	Slum Clearance Grants	low rent	
9a	Loans to Primary Industries	new	1946
	Double Depreciation Plan	new	1947
8a	Rental Insurance Plan	moderate rental	1948
35	Public Housing	low rental	1949
7 - 13	Insured Mortgage Loans		1954
	Conversion Loans	conversions	
23	Grants for Urban Renewal Studies	new/conversions	1956
40	Direct CMHC Lending		1957
	Small Homes Loan program	low-moderate rent	1957-59
	Home Improvements Loans to Landlords		
16a	Loans to non-profit developers	new/existing low-moderate rental	1964
23	Grants/Loans for Urban Renewal		
35d	Public Housing	new/exist low rent	
35	Public rent supplements	low rent	
15.1	Non-profit Prog.	n/ex.low-mod.rent	1973
34.18	Co-op program	n/ex.low-mod. rent	
34.1	RRAP grants to non-profits & co-ops		
44.1	Private rent supplements	low rental-private	
44.1	Public rent supplements	low rental-n.p.	
37.1	Non-profit & Co-op support programs		
14.1	Assisted Rental Program	moderate rent	1975
56.1	Non-profit/co-op programs		1979
37.1	Non-profit/co-op support programs		
	Canada Rental Supply Plan	moderate rent	1981

2. Health and Welfare Act, through OAS/GIS etc.

3. Federal Acts addressing the needs of natives.

4. Income Tax Act, particularly the MURB program in 1974 and the capital gains provisions.

2. Provincial Government Provisions for Housing are Decentralized in the Legislation

Provincial Government programs are administered through various acts of legislature. Income and housing provisions are enacted in legislation pertaining to target groups and/or specific programs. Most current Provincial Government programs are embodied in the legislation listed in Exhibit VI.2.

EXHIBIT VI.2

B.C. ACTS CONTAINING PROVISIONS TO SUPPLEMENT INCOMES AND FINANCIAL ASSISTANCE FOR HOUSING

1. Agricultural and Rural Development (B.C.) Act, 1979
2. Community Care Facility Act, 1979
3. Cooperative Association Act, 1979
4. Guaranteed Available Income for Need (GAIN) Act, 1979
5. Home Conversion and Leasehold Loan Act, 1979
6. Home Purchase Assistance Act, 1979
7. Homeowner Interest Assistance Act, 1982
8. Housing and Employment Development Financing Act, 1982
9. Housing Construction (Elderly Citizens) Act, 1979
10. Human Resource Facility Act, 1979
11. Ministry of Lands Parks & Housing Act, 1979
12. Municipal Aid Act, 1979
13. Recreational Facility Act, 1979
14. Shelter Aid for Elderly Renters Act, 1979

We summarize the provisions of these Provincial Acts, as they pertain to housing, below:

a. **Agricultural and Rural Development (B.C.) Act, 1979:** no direct funding provisions.

b. **Community Care Facility Act, 1979:** funding provisions administered under the Long Term Care program.

c. **Cooperative Association Act, 1979:** no funding provisions.

d. **Guarantees Available Income for Need (GAIN) Act, 1979:** provides for income and/or social service assistance paid directly to individuals or families in need, regardless of age; paid as grants to Municipalities to defray the costs of providing such assistance, as is required by the Municipal Act and the Vancouver Charter; paid as grants to financially assist any person undertaking the development of, provision of or research respecting a program of income assistance or social service. Provides for funding training programs and other programs establishing incentives for work. Particular benefits identified in the Act include:

- single parent and single parent dependent child health benefits (coverage under MSP);
- handicapped health benefits (MSP coverage);
- handicapped transportation allowance;
- financial assistance to associations involved in the production and sales promotion of products manufactured by the handicapped;
- cost sharing with regional or municipal governments to cover wages and training in handicapped programs.

The Minister has the right to assign or transfer assets of recipients of income assistance under this Act in order to reduce the level of financial assistance required.

- a private hospital;
- a personal care home;
- an intermediate care home;
- a foster home;

- a day care home or centre;
- a community care facility; or
- any other institution.

e. **Home Conversion and Leasehold Loan Act, 1979:** provides leasehold mortgage loans to persons with one or more dependants, or non-profit cooperatives, if they covenant to:

- build a primary residence on leasehold land

- convert an existing single family dwelling or industrial development into two or more eligible residences.

The recipient must agree to:

- not sell the residence at a price higher than specified in the covenant;

- not permit a tenant to occupy the residence(s).

f. **Home Purchase Assistance Act, 1979:** provides a loan to owners of a residence or a shareholder of a co-op. Strata-titled condominiums are eligible.

- the applicant's household must occupy the residence;

- this is a one time only loan or grant;

- persons receiving assistance under a provision of the NHA (Cda) are not eligible;

- at present provides a $10,000 second mortgage.

g. **Homeowner Interest Assistance Act, 1982:** provides advance money to homeowners in order to reduce the effect of interest charges payable in respect of the principal residence. Eligibility and other regulations are to be made at the discretion of the Lieutenant Governor in Council and are to be retroactive to September 14 and not prior. This program is currently winding down.

h. **Housing and Employment Development Financing Act, 1982:** through a corporation called the British Columbia Housing and Employment Development Financing Authority, finances housing developments and other capital projects that will create employment in British Columbia. The corporation raises the money required for these purposes by issuing housing and employment development housing bonds.

i. **Housing Construction (Elderly Citizens) Act, 1979:** may grant aid to a regional district, municipality or a non-profit corporation incorporated for providing homes for elderly citizens. The purpose is to assist with the construction or reconstruction of low rental housing for elderly citizens of low income who are unable to purchase adequate accommodation according to their needs.

j. **Human Resource Facility Act, 1979:** provides financial assistance for the development of:

- residences and facilities for the care of children;
- special homes for the care of handicapped or disabled persons;
- hostels or residences for adults;
- activity centres or workshops for handicapped or disabled persons;
- centres for senior citizens;
- special facilities or programs designed by the Lieutenant Governor in Council.

Grants may be authorized by an Act of the Legislature or out of money authorized to be paid under the GAIN Act.

k. **Ministry of Lands Parks & Housing Act, 1979:** names the purposes and the functions of the Ministry, which include:

- to administer Provincial Crown land;
- to encourage outdoor recreation, establish parks and conserve the natural and historic features of the Province;
- to undertake programs relating to the provision of housing in the Province;
- to administer and enforce safety standards prescribed under the section of the Act (respecting recreational activities and services on Crown land);
- this Act is the authority for the Provincial Rental Assistance Program (PRAP).

l. **Municipal Aid Act, 1979:** provides for aid to the municipalities at the discretion of the Lieutenant Governor in Council.

m. **Recreational Facility Act, 1979**: provides grants for the planning and development of recreational facilities to municipalities, regional districts or organizations approved by the Minister. Grants for the facility shall not exceed 1/3 capital costs or $400,000, whichever is greater. Grants for planning shall not exceed $0.33 1/3 per capita of the municipality or region or $25,000, whichever is less.

n. **Shelter Aid for Elderly Renters Act, 1979**: provides for income assistance to persons 65+ who are tenants. Eligibility is determined by a three-person eligibility committee appointed by the Minister.

All of these Acts provide for either income, construction or social service assistance. Most programs directly assisting renters focus on income assistance.

3. Summary of Programs under Review

The programs under review in this section include:

- Provincial income assistance (indirect social housing programs)
  - GAIN
  - SAFER
  - PRAP

- Federal/Provincial cost-shared programs (direct social housing programs):

  - public housing programs
    - section 40
    - section 44

  - private non-profit housing programs
    - section 44.1(b)
    - high impact grants

  - public non-profit housing programs
    - section 44.1(b)
    - high impact grants

  - cooperative housing programs
    - section 40
    - high impact grants

  - municipalities
    - section 40
    - section 44.1(a)
    - section 44.1(b)

- provincial rental assistance program

- rent supplements
  - section 44.1(a) non-profit
  - section 44.1(a) private

In addition, the Federal Government conducts housing programs under section 56.1 of the NHA without Provincial cost-sharing. These are the Federal non-profit and cooperative housing programs.

We summarize the major elements of the direct programs and the key agreements on which the cost-shared programs are based in the Appendix of this report.

Exhibit VI-3 sets out the general expenditures per unit for the years 1983 to 1985.

EXHIBIT VI.3

FEDERAL AND PROVINCIAL CURRENT EXPENDITURE BY UNIT BY PROGRAM
1983 TO 1985 CALENDAR YEARS

	1983		$	1984		$	1985		$	Average % of B.C. Share of $
	Units	$000	Per Unit	Units	$000	Per Unit	Units	$000	Per Unit	Spent
Public Housing										
Section 40	5,895	11,146	1,890	5,895	10,603	1,794	5,895	14,736	2,165	24.8%
Section 43	1,966	6,898	3,509	1,966	7,679	3,907	1,961	6,808	3,472	50.0%
Rent Supplements										
Section 44.1(a)	1,144	4,330	3,785	1,131	4,326	3,825	1,097	4,872	4,441	50.0%
Section 44.1(b)	5,245	4,672	891	4,449	5,149	1,157	3,349	4,891	1,460	49.0%
Seniors Grants	382	3,407	8,919	218	1,378	6,321	127	1,554	1,224	100.0%
Disabled Grants	135	235	1,741	221	1,708	7,729	121	969	8,008	100.0%
PRAP(a)	383	445	1,162	452	308	681	494	734	1,486	100.0%
Interest Deduction Section 56.1(b)	18,837	120,255	6,384	21,115	135,011	6,394	24,138	150,638	6,241	0.0%
SAFER	10,088	8,881	880	9,921	9,129	9,200	9,432	8,100	859	100.0%
HIG(c)	787	295	375	340	147	432	340	71	209	73.2%

(a) PRAP payments are stacked on section 56.1 units. Therefore these units are double-counted.

(b) Maximum possible not actual expenditures.

(c) High Impact grants (HIG) are allocated to co-operatives previously funded under section 38.17. These units are not double counted. However, these values underestimate greatly the total subsidy that has been allocated to them. By 1985, 1,700 units that had been constructed with section 34.18 assistance were eligible for HIG.

C. COST AND EXPENDITURES

We attempt to document program costs and expenditures in this section of the report. Ideally, the remaining task is to compare the relative proportion of costs used for meeting the core need from program to program. However, the task proved to be very difficult.

With regard to costs and expenditures, the following complicating conditions apply:

- there is subsidy stacking, i.e. funds from more than one program may be supplementing one household;
- expenditures may not be comparable. Some income programs represent fixed commitments of direct payments to individuals for a short time frame. Others represent somewhat open-ended commitments ranging over different commitment periods;
- construction commitments create new housing, which may or may not remain within the stock of affordable housing for the functional life of the housing. These are payments to organizations, not persons.

We can not effectively compare the costs of income programs to construction programs without an agreed upon mechanism for estimating future commitments. As well, we must agree on the appropriate rate of discount to be applied for future payments - a rate which should theoretically be different for payments that create supply and payments that target individual households' ability to pay for an existing supply of housing.

For now, we will present current annual expenditures.

For fiscal 1985/86, the expenditures set out in Exhibit VI-4 were approved by the Provincial Government:

EXHIBIT VI.4

FISCAL 1985/86 APPROVED SOCIAL HOUSING EXPENDITURES

Program	Estimated Expenditure ($ millions)	Units (or Recipients)	Percent* B.C. Funding
Income Support			
- Shelter Aid for Elderly (SAFER)	8.1	9,389[a]	100%
GAIN			
- general	403.2[b]	149,655	50%
- senior supplement	17.0	31,000[c]	50%
Community-based Residential Care			
- Ministry of Health	18.0 (approx.)	1,700 (beds)[d]	15-50%
- Ministry of Human Resources	30.0 (approx.)	1,900 (beds)[d]	20-50%
Seniors Grants	1.6	127	100%
Disabled Grants	0.969	121	100%

* Estimates - These are more difficult to determine for the Ministry of Health and Human Resources programs due to the complexities of calculating cost-sharing for stacked subsidies.

(a) Approximately 4,000 of these recipients are also receiving the GAIN senior's supplement.

(b) This is the fiscal 1986/87 appropriation; 1985/86 being unavailable.

(c) There were actually almost 45,000 recipients, of whom 12,000 to 13,000 were married. For the sake of analysis we calculated households assuming that married individuals were married to other recipients.

(d) Recipients could also be receiving GAIN supplements.

1. Indirect Social Housing Programs

We will discuss the impact of indirect housing programs, mostly income programs administered by the Provincial ministries of Human Resources and Health, separately from direct housing programs. This is necessary because the indirect and direct housing programs overlap. For example, we estimate that approximately 15% of the families receiving GAIN are also occupying otherwise subsidized dwellings.

Although Shelter Aid for Elderly Renters (SAFER) is administered by the Ministry of Human Resources, it is often viewed as a direct housing income program. This is because the SAFER contributions are tied directly to housing costs. We are combining it with GAIN, however, due to the administration of the program. About 160,000 British Columbians also received Old Age Security/Guaranteed Income Supplement (OAS/GIS) from the Federal and Provincial Governments in fiscal 1985/86. We are not including OAS/GIS recipients in our discussion of subsidized households because funding does not identify a specific shelter allowance.

a. GAIN: Guaranteed Annual Income for Need

GAIN is the current financial support system for people in British Columbia, is administered solely by the Province, but is cost-shared with the Federal government under the Canada Assistance Plan. Canada pays up to 50% of approved costs, including that for shelter. GAIN provides a basic income supplement to British Columbia residents on DAS/GIS.

In fiscal 1985, there were 149,665 GAIN recipients receiving shelter allowance and the 1986 budget projects 150,000.

The GAIN program also has special assistance rates which pertain particularly to the disabled and to seniors. The Handicapped Persons' Income Allowance (HPIA) provides $318.14/month in support payment to a disabled person, with the shelter portion ranging from $75/month (for a single) to $230/month (for a married person). These total to $393.14/month and $548.14/month for a single and married disabled person respectively.

For seniors aged 60 to 64, GAIN pays a support portion of $230/month (the same as for an unemployable recipient over 26 years of age), and $200/month for shelter.

b. **SAFER: Shelter Aid for Elderly Renters**

	SAFER Expenditures	Number of Beneficiaries
1980/81	$ 7,522,486	12,500
1983/84	$ 8,881,566 (+18%)	10,020 (-20%)
1984/85	$ 9,129,701 (+3%)	9,962 (-19%)

SOURCE: 1984/85 Supplement to Annual Report

By far, the two major metropolitan regions of Greater Vancouver and Victoria dominate the provincial distribution of SAFER recipients. Over half of the province's SAFER benefits are paid to seniors residing in the Greater Vancouver region. Outside of Vancouver and Victoria, the Central Interior (8%) and the Fraser Valley (6%) are the next two highest represented regions.

2. **The Global Funding Agreement**

Main objectives of the 1979 Global Funding Agreement were:

- to establish the objectives of defined, coordinated and more efficient programs, and joint long-term planning;
- to increase use of private sources for capital funds;
- to clearly specify the sole Federal responsibility for programs that do not involve provincial funding.

There are four areas of agreement in the Global Funding Contract. These define the terms under which the two governments will:

- help cover operating costs of approved projects;
- reduce or delay the capital costs of approved projects;
- supplement rents at approved projects;
- administering approved projects (regardless how funded).

We generally refer to specific programs with shared costs, or projects funded under a certain agreement, by the section of the NHA from which they stem. The Provincial portion of the funding contribution defined by any one agreement could come through more than one of the Acts of British Columbia legislature previously listed in Exhibit VI.2.

In Exhibit VI.4 we illustrate the 1983 to 1985 expenditures by unit for all Provincially (indirect and cost-shared) funded programs, except GAIN.

3. The Direct Housing Programs

Funding assistance is enabled under section 40 of the NHA and includes capital cost reduction as well as operating subsidies. Section 40 subsidies are cost-shared. Public Housing Projects and projects owned by Municipalities are eligible for section 40 funding. Private non-profit and cooperative projects have qualified for mortgage write-down assistance through section 56.1. Section 56.1 funding is provided entirely by the Federal Government. Sections 44.1a and 44.1b provide rent supplements to scattered privately-owned units and older non-profit developments housing those in core need.

The Provincial Rental Assistance Program (PRAP), enabled under the Ministry of Lands, Parks and Housing Act, is administered by BCHMC. PRAP is entirely provincially-funded. PRAP provides rent supplements to seniors and disabled adults living in non-profit society management projects.

4. Access to the Programs

These programs are administered through a variety of government divisions. Generally, they are the following:

Section 56.1	- CMHC
Section 40, 44, 44.1a and b, PRAP	- BCHMC
Rent supplements for community care facility units	- Ministry of Health
GAIN, SAFER, rent supplements for disabled units	- Ministry of Human Resources
(OAS/GIS)	- Ministry of Human Resources

Applications to live in currently subsidized projects are received by the owners/managers of the project. For example, separate waiting lists are maintained by each of the cooperatives and community care facilities. (The Provincial Government is a partner in ownership in public housing; these applications are coordinated with applications for BCHMC-administered rent supplements.) BCHMC-administered applications for public housing and rent supplement units are ARP projects.

SAFER applications are reviewed by a three-person eligibility committee, appointed by the Ministry of Human Resources. Each of the other bodies of administration have their own method for determining eligibility. Applicants for BCHMC-administered units are scored according to demonstrated need. Those deemed most needy have priority when space or funds become available.

For the most part, access to social housing assistance is uncoordinated, and the evaluation process is not consistent across all agencies.

5. Program Costs

The section 56.1 interest reduction (fully Federally-funded) allocation averages $6,241 per unit on a base of 24,138 units in 1985. These units were approximately distributed as follows:

family	68%
seniors	18%
special	14%

The interest reductions and operating subsidies in this category ranged widely, however. We estimate the following average expenditures:

Section 56.1 Units	Per Unit Subsidy
all public non-profit units	$ 4,730
public non-profit family units	$ 5,060
all cooperative units	$ 7,610

It also must be noted that certain public non-profit units qualify for additional rent supplements through sections 44.1a, 44.1b and PRAP. The cooperatives, however, do not qualify for Provincial assistance. In 1985, an additional $363,000 was distributed among 494 units through PRAP. These PRAP supplements were distributed to individuals in units already receiving 56.1 assistance.

These figures are meant to give us a general impression of expenditures. We have noted some reasons for inaccuracies in previous sections. It is also difficult to clearly separate types (senior, family, special purpose) of housing for purposes of analysis.

6. Annual Direct Housing Costs Seem to be Tied More to Location than to Program

We surveyed per unit subsidies for BCHMC-managed public housing units (sections 40 and 44). Our findings lead us to believe that age and location of the development are the key factors in the cost of construction subsidies. We found the following distribution of costs (as at December 31, 1985):

PUBLIC HOUSING SUBSIDY COSTS PER UNIT

Region	Units (Surveyed) Senior	Family	Total	Average $ Per Unit
Vancouver				
- Burrard Region	1,246	687	1,933	$ 3,561
- Central	902	1,023	1,925	2,236
Fraser Valley	1,348	473	1,821	2,127
Vancouver Island	269	512	781	2,298
Southern B.C.	349	133	482	3,539
Northern B.C.	115	656	771	3,590

The key variable affecting costs is likely age of facility. In a properly maintained project, total subsidy costs should decline over time.

This factor is particularly important to note in any comparisons between co-op and public housing. Public housing projects, on average, are 15 years older than most of the cooperatives.

7. Summary

Exhibit VI.5 gives a summary of 1986/87 programs and costs for Provincially-administered social housing programs, except for those delivered by the Department of Human Resources.

EXHIBIT VI-5

SUMMARY OF SOCIAL HOUSING PROGRAMS ADMINISTERED BY THE BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION (BCHMC) AND THE MINISTRY OF LANDS, PARKS AND HOUSING IN 1985/86

PROGRAM	TARGET GROUP	NUMBER OF UNITS	NATURE OF ASSISTANCE	TOTAL NET ANNUAL COST ($ millions)	FEDERAL/ PROVINCIAL COST SHARE FORMULA	TOTAL ANNUAL PROVINCIAL COST
Operating Subsidies						
A. Section 40, National Housing Act (NHA)	- Not specific but directed primarily to seniors and disabled.	5,900	- Operating subsidy to BCHMC for up to 50 years. - Housing is owned by the Federal Government and managed by BCHMC.	14.7	75:25	3.7
B. Section 44, NHA	- Not specific but directed primarily to seniors and disabled.	1,960	- Operating subsidy to BCHMC for up to 50 years - Housing is owned by the Provincial Government and managed by BCHMC.	6.8	50:50	3.4
C. Section 44.1B, NHA	- Not specific. - Available to seniors, disabled and others in need of housing assistance.	3,394	- Operating subsidies to non-profit societies for housing constructed with Provincial Government assistance of a 30% capital grant. - Commitments are for up to the 35 year term of the mortgage.	4.8	50:50	2.4
D. Provincial Rental Assistance Program (PRAP), Section 56.1, NHA	- Seniors and disabled.	283	- Operating subsidies to non-profit societies for housing constructed with Provincial Government assistance of a 30% capital grant and Federal Government assistance of a mortgage write-down to 2%. - Commitments are for up to the 35 year term of the mortgage.	0.734	100% Provincial	0.734
Rent Supplements						
A. Section 44.1A, NHA	- Not specific. - Available to seniors, disabled and others in need of housing assistance.	920	- Market rent supplements to individuals occupying units owned by the private sector and non-profit societies. - Commitments are for the five year term of the lease between the landlord and BCHMC.	4.9	50:50	2.45
B. Seniors and Disabled Housing	- Seniors and disabled.	248 in 1985/86 None in 1986/87	- In 1985/86, the Provincial Government provided a 30% capital grant to non-profit societies for the construction of seniors and disabled housing. - The Federal Government provides a Section 56.1 NHA mortgage write-down to 2% for the 35 year term of the mortgage. - Operating deficits, if any, are eligible for Federal and Provincial Government assistance under Section 44.1, NHA and PRAP for up to 35 years.	2.52	100% Provincial	2.52
1985/86 TOTAL		13,045 *		34.45		15.71 **

* 248 units greater than 1986/87 total as there are no 1986/87 budget provisions for seniors and disabled housing construction.
** Does not include $0.9 million for rural and remote housing operating subsidies for natives provided by BCHMC.

VII.

EFFECTIVENESS IN MEETING BASIC NEED

A. THE NEEDS EFFECTIVENESS OF COOPERATIVE HOUSING

The respective philosophies of the federal and provincial government programs as to who should have access to social housing assistance are quite divergent. As illustrated under Part B of this Chapter, funds administered by the provincial government are much more targeted to those in core housing need and are, therefore, able to assist a greater number of such households for the total dollars spent.

As a number of previous reports have noted, the cooperative segment of the housing system, which is administered and funded entirely by the federal government, is the one most often subject to questions about effectiveness in meeting need. This concern results from a misunderstanding of the purpose and structure of cooperative housing or disagreement with the legal objectives of the progr[illegible]

The cooperative housing program intentionally provides housing for moderate rather than low income residents, although a minimum of 15% of the residents of each cooperative must fall within the low income category. Subsidies, provided by the federal government, consist of two components. These are:

1. **Interest**

   To bridge the gap between "lower end of market" rental revenue and the total revenue required to pay actual interest rates on project debt, CMHC makes a monthly payment to cooperatives.

2. **Rent**

   To bridge the gap for low income residents between a maximum of 25% of their gross income and the lower end of market rental rates, an additional payment (up to the maximum noted below) is made by CMHC.

These subsidies are subject to the formulas and provisions of agreements between each cooperative and CMHC and to an overall maximum for each project equal to the difference between actual interest rate mortgage payments and those that would be required at an interest rate of 2%.

Based on a sample provided by the CMHC Vancouver office, we examined eight cooperative projects. From this we estimated that approximately 40% to 50% of the cooperative units available are being utilized by residents determined to be in financial need. This is well above the requirement set

out under federal policies, that a minimum of 15% of the units be rented to those in financial need. However, it does illustrate that, by design, the Federal cooperative housing program is not as cost-effective a means of providing housing assistance to those most in financial need as it could be.

This 40% to 50% statistic is similar to the conclusion reached by a July 1983 study by the City of Vancouver Planning Department (see Who Lives in Non-Market Housing?, by Ann McAfee, p. 1-4), of 50% of residents having a financial need. If these findings are correct, cooperatives are exceeding their obligation to deliver social housing to those in need by a factor of three.

Those cooperative residents not in financial need will be paying "lower end of market" rental rates which are set upon completion of construction, and will receive the benefit of the interest subsidy. They will not receive the direct rental rate subsidy. Those who are in financial need will receive the benefit of both types of assistance outlined above.

The impact of these subsidies can be substantial, as illustrated in the following examples from three of the cooperatives we examined.

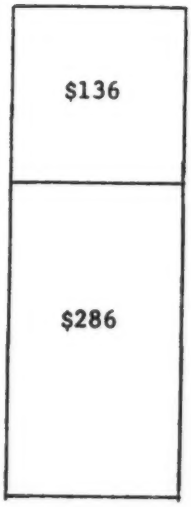
Sample Cooperative No. 1

KAMLOOPS
60 UNITS

	Total (000)	Per Unit Per Month	Per Unit Per Month
Costs			
Operating and maintenance	$ 68	$ 90	
Debt service	585	810	
	$ 653	$ 900	
Revenue			
Rent	$ 243	$ 340	High $520 Low 160
CMHC Subsidy	$ 422	$ 580	Max $600 Min 380 estimated

SUBSIDY DISTRIBUTION

(000)
$422



32% Non-Income tested occupants

68% Income tested occupants

100%

Sample Cooperative No. 2

VANCOUVER WEST END
44 UNITS

	Total (000)	Per Unit Per Month	Per Unit Per Month
Costs			
Operating and maintenance	$ 77	$ 150	
Debt service	499	950	
	$ 576	$ 1,100	
Revenue			
Rent	$ 229	$ 440	High $500 Low 160
CMHC Subsidy	$ 407	$ 770	Max $740 Min 600 estimated

SUBSIDY DISTRIBUTION

75% Non-Income tested occupants

25% Income tested occupants

100%

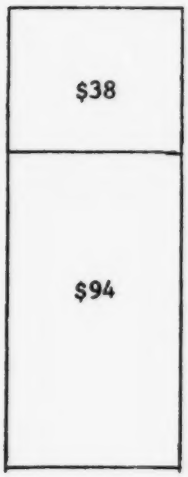
Sample Cooperative No. 3

VANCOUVER KITSILANO
20 UNITS

	Total (000)	Per Unit Per Month	Per Unit Per Month
Costs			
Operating and maintenance	$ 23	$ 100	
Debt service	181	750	
	$ 204	$ 850	
Revenue			
Rent	$ 94	$ 390	High $700 Low 200
CMHC Subsidy	$ 132	$ 550	Max $500 Min 150 estimated

SUBSIDY DISTRIBUTION

(000)
$132



29% Non-Income tested occupants

61% Income tested occupants

100%

From the information noted in these examples, the following points can be concluded:

- the subsidy provided for one year for these three cooperatives totalled $961,000 or $7,750 per unit;

- of the total subsidy of $961,000, it is estimated that approximately $480,000 of benefit, or $8,100 per unit, went to accommodation occupied by residents not determined to be in financial need;

- it is estimated that each unit occupied by residents not determined to be in financial need received, at a minimum, $150 of subsidy per month.

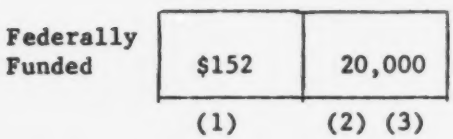
B. A SUMMARY OF SOCIAL HOUSING PROGRAMS COSTS

As we have discussed, there are numerous programs, under various jurisdictions, which provide assistance identified for shelter purposes. These are summarized below:

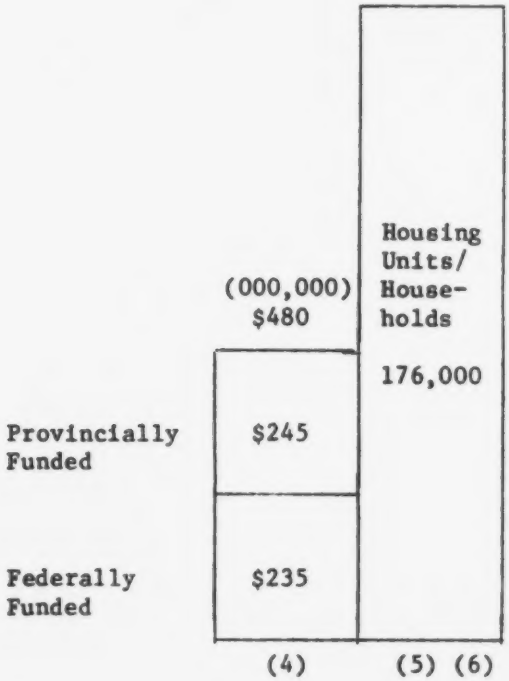
Federal Administration	Units	Provincial Administration	Units	Other
Cooperative	8,500	GAIN		Salvation Army
Non-profit private	5,000	- general)		Community based
Non-profit public	2,800	- seniors)	150,000	societies -
Other	3,700	- disabled)		Kiwanis etc.
RRAP		SAFER	9,000	Foundations
		PRAP, Community care and other programs	17,000	Other charitable organizations
	20,000		176,000	

The funding breakdown for the programs under federal and provincial administration is outlined below.

Federally-Administered Programs



Provincial-Administered Programs



Notes:

1. Based on estimates received from the British Columbia Housing Management Commission. The federal authorities were unable to provide information on the total dollars spent on Federally administered housing programs in British Columbia.

2. Based on estimates provided by the British Columbia Housing Management Commission.Due to different methods of maintaining records for various programs, it was not possible to determine from information provided by CMHC the total number of housing units in British Columbia receiving subsidies under Federally-administered programs.

3. It is estimated that approximately 4,500 units are occupied by non-income tested residents.

4. Based on information received from the British Columbia Ministry of Finance.

5. Based on information received from the British Columbia Ministry of Finance. Less than 10% of these units are occupied by non-income tested residents.

6. Includes individuals living in group homes and similar types of accommodation.

C. THE NEEDS EFFECTIVENESS OF THE OVERALL SYSTEM

1. The Past

Given the major weaknesses in data quality and the unresolved conceptual issues about what need is, it is not possible to answer with certainty the questions about the extent to which the present system meets provincial need.

However, there are some estimates which we find to be at least modestly persuasive.

Taking social need to be simply the percentage of households in the province that spend in excess of 30% of their income for housing, here are the percentage of households "in need" in 1982:

home owners without mortgages	11.8%
roomers and those living rent free	14.8%
home owners with mortgages	27.6%
renters	31.6%

Source: CMHC. The base is 100% of the number of households in each tenure category.

As can be seen, apartment or house renters were more likely to be "in need" than other groups. In real numbers, the renters spending over 30% represented around 116,000 households.

It is likely that some proportion of these households with higher incomes were in fact making expenditures above the 30% benchmark by choice; and experiencing no resulting hardships.

CMHC has now developed a more sophisticated housing needs measure which combines the separate indicators of crowding, adequacy and affordability into one comprehensive measure.

CMHC's most recent estimate is that there are 86,000 renters in British Columbia in core housing need. This compares to 79,000 renters being in core need in 1982 and is an increase of 8.9%. In both years, 24% of total provincial renters were in core need.

This provincial proportion of renters in core need is said by CMHC to be the highest in Canada.

In 1982 there were said to be 16,000 households living in crowded conditions and 112,000 households living in dwellings needing major repairs. In both cases the trend is to a declining percentage of the total stock which is inadequate. Over the period 1972 to 1982, the

proportion of crowded households declined from 5.3% to 1.6% and the proportion of dwellings lacking basic facilities declined from 6.0% to 1.7% of the total.

The above data suggest that while great progress is being made in the adequacy of housing, affordability is a growing problem.

We have seen no clear data on whether the trend has been toward an increase or decrease in the percentage of those in need who are being serviced by the provincial social housing system.

EXHIBIT VIII.1

ESTIMATE OF SOCIAL HOUSING BENEFICIARIES WHO ARE IN NEED

Program	Total Residents/ Recipients	% in* Need	Number In Need
1. Public Housing	7,804	95%	7,414
2. NHA			
- 56.1 private non-profit	8,397	65%	5,458
- 15.1 private non-profit	17,173	75%	12,880
- 56.1 public non-profit	2,782	60%	1,669
3. NHA			
- 15.1 public non-profit	533	70%	373
4. Cooperatives			
- 56.1	8,443	40%	2,786
- 34.18	1,700	50%	765
5. Non-Profit Rent Supplement (Disabled)			
- NHA 44.1a	342	100%	342
6. Private Rent Supplement			
- NHA 44.1a	680	100%	680
7. GAIN	150,000	85%	127,000
TOTAL	195,072		159,367

Please note that GAIN beneficiaries have been discounted by 15% to allow for the estimated 15% who are living in social housing and so are already counted in other figures. SAFER has been excluded from this calculation for technical reasons.

* These percentages are rough estimates derived from discussions with knowledgeable program administrators.

2. Current Need

We assume that those now receiving benefits from British Columbia social housing programs, because of income-testing or some other demonstration of need, should be added to the CMHC estimate of those in core need, to arrive at a total amount of households who require social housing. In Exhibit VIII-1 we list a rather arbitrary estimate of program beneficiaries who are likely to be "in need".

There is no way to estimate current social housing need in British Columbia without being somewhat arbitrary; and any conclusions reached must be regarded as provisional. Nevertheless, making an estimate is necessary. To minimize misunderstandings, we have made explicit the assumptions used.

The Neilsen Task Force Report on housing estimated British Columbia's core need at 167,000 households, including both renters and owners. These are based on 1982 data from Statistics Canada (see Housing, pp 22-23).

It seems likely that some of the 167,000 counted by CMHC as in need are among the 159,367 beneficiaries of programs, as indicated in Exhibit VIII-1. The extent of this overlap is unknown. If it is 100%, then the core housing need is 167,000 households or 15% of the total number of households in the Province. If it is zero, then the total number of households in core housing need is 326,367 or 30% of the total number of Provincial households. Obviously the former figure is too low and and the latter too high. If the overlap is .50, then the number of households in core housing need is 246,683, or 23% of the total in the Province. This estimate, while very crude, is probably an acceptable working figure.

If so, the current system is meeting at least some of the core housing needs of about 160,000 of the 250,000 households who are in need; or 64% of the total in need. So the objective to be pursued is to bring more of the 90,000 needy households now not assisted into the social housing system.

VIII.

MAJOR OPTIONS FOR IMPROVING EFFECTIVENESS

A. THE COMMISSION'S CONCERNS

1. Lack of an Inventory of Needs

The only general inventory of needs presently in use is one based on the 1981 Federal Census related to the financial capacity of individuals to meet shelter costs without exceeding 25% of their annual income. The inventory attributes those in need to geographic areas, but no information is at hand to determine actual types of user need, i.e. handicapped, women with special needs, etc. No distinction is made between those with an affordability problem and those who require housing units because of a lack of availability of suitable shelter. The fact these data are five years old also inhibits effectual allocation decisions.

We understand that this method of identifying those in need employed in British Columbia is the same as that used in other provinces.

The SAFER and GAIN systems do collect data on the current housing and social needs of beneficiaries. But this applies to only a limited segment of those with social housing requirements.

This data base is insufficient when determining an annual expenditure of over $500 millions of dollars. The inventory is also quite inadequate as a base in determining the effectiveness of the delivery of social housing to those most in need. One cannot tell, other than by a general guess, the magnitude of unsatisfied need, especially for certain individuals who require special units or the proportion of those who would be better served by assistance with the payment of their shelter costs, rather than the construction of units. It is our understanding that the lack of such specific information contributes to the construction, in various parts of the province, of housing units which are not fully utilized.

2. No Objective Allocation System

There should be an objective allocation system which ensures that social housing assistance is applied to those most in need. At the moment, other than in a very general way, no such reliable allocation system exists. Organizations and sponsors interested in the management of projects are invited to make proposals for the development of housing units. It is our concern that those individuals most in need often have no sponsor or organized lobby to pursue their interests;

with the result that their needs may not be met even though they may be numerous and have very legitimate shelter requirements. We understand that the new Federal/Provincial social housing agreements will facilitate improved planning and allocations; and full use of this opportunity should be made.

3. Lack of Coordinated Government Activity and Planning

As indicated elsewhere in this report, the delivery of social housing assistance involves the federal government, several Provincial Ministries, and all the local governments through funding, sponsorship, administration, zoning or regulatory control. The activities of all these levels of government are not now well coordinated. The federal and provincial governments have significantly different criteria and objectives for several programs. Responsibility for shelter assistance is not centralized within one ministry. Several local governments have not undertaken an active role in social housing.

Planning for social housing should also involve representatives of local governments to ensure that the most effective social housing assistance is applied and that the location of new social housing units takes into account regional needs.

Within several communities in the province, concerns about social housing relate to the level of maintenance and health standards within privately owned market housing developments. The municipalities or cities in which they are located either do not have health and minimum building maintenance standards or have not chosen to enforce those standards; with the result that some persons seeking the lowest possible cost housing live in unacceptable accommodation. Of course, meeting these standards can have the effect of increasing shelter costs.

Local governments play a significant part through appropriate zoning of locations for social housing projects to ensure their proximity to necessary facilities. Proper zoning and local planning should also minimize concentration of social housing in any one area.

B. RECOMMENDATIONS

1. A Management System

It is the business of managers and the financial controllers working with them to measure the effectiveness of a variety of enterprises and endeavours. The measurement process is perhaps simplest when the objective is to generate a profit. In that case, the measurement can be made by matching the revenues and expenses and comparing the resulting profit to previous years and other similar enterprises. In local government enterprises, delivering fire protection, police protection, road maintenance, etc., the task becomes more complex. In these areas, the federal government has pioneered a variety of innovative approaches generally referred to as value-for-money audit techniques. These involve careful definition of the task to be done and then a measurement of effectiveness often expressed in measurable terms, such as cost per household protected or cost per mile of road maintained.

The provision of social housing assistance to those most in need of assistance in obtaining affordable housing is a government activity. Its success must be measured by its ability to meet the needs of those who most require assistance in the community. In an environment where 30¢ of every dollar spent by the federal government is borrowed, it is unlikely that sufficient funds will be available to meet each and every need for housing assistance which exists in the community. That requirement to husband resources and apply them to those who are in greatest need of assistance suggests a management model for the delivery of social housing with the following three elements:

a. Needs Definitions

A more comprehensive and effective system for the identification of needs of the community should be developed. At a minimum, the number of individuals in need within the following categories should be identified:

- handicapped;
- elderly;
- single-parent families;
- those requiring emergency or transient accommodation;
- low income households not included in other categories.

In addition, the clientele would be divided between those with special needs, and those for whom adequate and appropriate housing stock is available but who have an affordability problem. All of these needs would be identified within reasonable geographic areas.

As part of the identification of need, more and better information is necessary on the functioning of the private residential housing market, and the impact on that market of the policies of the four levels of government.

b. An Allocation System

A method of allocation should be in place, preferably involving those with first-hand understanding of the circumstances, to ensure that resources are matched as effectively as possible to the nature and location of those in need. To this end, we recommend the establishment of a Social Housing Advisory Committee comprised of individuals with first-hand knowledge of the needs of the various priority groups for social housing. This Committee would meet periodically with the Housing Minister to advise on the allocation of funds budgeted for social housing among seniors, the disabled, low income families and individuals, women with special needs and other priority groups. We recommend that the Chairperson of the Social Housing Advisory Committee also be appointed a Commissioner to represent the Advisory Committee on the Board of the British Columbia Housing Management Commission.

c. An Evaluation System

On a periodic basis, the effectiveness of the method used for the delivery of social housing to those most in need should be measured by individuals or groups not already directly involved in the process. The results of that evaluation would be used to improve or re-define the definition of needs and modify systems of delivery. Through this process of evaluation, there would be an ongoing learning experience in how to better identify needs and deliver the required housing assistance. A framework for the evaluation of social housing programs is suggested in Chapter 5.

The above three steps are a simple inter-related management system applicable to the delivery of a service such as social housing.

2. Coordinated Government Activity and Planning

As we have stated, there should be more and better coordination between the federal, provincial, regional and municipal levels of government in identifying social housing needs and priorities, and in better allocating available resources to meet needs. In addition, there should be more and better coordination among the Provincial Government ministries concerned with the various parts of social housing policies.

We recommend that the coordination of government activity and planning be addressed through the British Columbia Housing Management Commission

which is destined to play a more comprehensive role in the delivery of social housing in the Province under the new Federal/Provincial Global Agreement. In addition to representation on behalf of the Housing Ministry, the Board of the Commission should be expanded to include representation from the Ministries of Health, Human Resources and Municipal Affairs. Each of these representatives would be responsible for ascertaining the views and concerns of their Ministry in the social housing field and presenting them to the Commission. The Ministry of Municipal Affairs would have the added tasks of:

- coordinating and presenting input from the various municipalities as to regional needs and allocation requirements;

- advising the municipalities on the need for enforcement of minimum maintenance standards.

Improved coordination and planning between the federal and provincial governments has been addressed in the Federal/Provincial Global Agreement by the creation of a Planning and Monitoring Committee comprised of representatives from the British Columbia Housing Management Commission and CMHC. We look forward to improved coordination and planning between these senior levels of governments through this mechanism.

C. SOME SUGGESTED PROGRAM CHARACTERISTICS

In this preliminary report, we have not attempted to develop a set of recommendations with respect to program priorities. In the light of the mountain of evidence which has come before the Commission, and the general evaluation framework outlined in Chapter 5, we are prepared to suggest for discussion purposes a group of general social housing program characteristics. The forthcoming conference on our preliminary report will provide an opportunity to explore these ideas.

1. Social housing policies should be targeted to those most in need.

2. Social housing policies should be flexible enough to respond to changing needs.

3. Social housing policies should involve a mix of policies appropriate to the variety of needs, for instance, income support such as rent supplements, where the issue is affordability rather than availability; and the construction of new units where the problem is availability.

4. Social housing policies should provide, consistent with individual and family preferences, integration among income levels falling within the

range of "households in need", and integration across various tenant profiles, including families, the elderly and the disabled.

5. Integration across income ranges can best be achieved by providing income assistance where affordability is the problem; where availability is the problem, income interpretation can be achieved by situating relatively small fully targeted housing projects, with up to 30 units in each project, in mixed communities.

6. Social housing projects designed for seniors and the disabled should, wherever possible, integrate all levels of care.

7. Social housing policies concerned with the supply of new units should provide reasonable security of tenancy.

8. Social housing policies should include provision for emergency and transitional housing for single people and families.

9. The cooperative approach to managing social housing, including tenant participation in decision-making and responsibility for project operation and maintenance, should be further encouraged.

10. Social housing should be developed, constructed and managed as cost-effectively as possible, using whatever sector - private, public and non-profit - can deliver the required quality of service at the lowest cost. The proposal-call approach should be encouraged.

11. The four levels of government should provide improved incentives for the private residential construction industry by such means as facilitating the flow of information on technological change, coordinating the scheduling of public capital spending programs and removing arbitrary and inconsistent institutional restraints.

IX.

A FINAL WORD

We have read hundreds of briefs and letters, attended dozens of meetings and visited 25 social housing projects throughout the Province. We have heard a broad range of opinions and come to know first-hand the intense and sometimes conflicting views of British Columbians on the subject of social housing.

We reach the end of this phase of the inquiry confident of two things. The first is that while the province has a social housing sector which deserves much praise, it can and should be improved upon. The second is that despite the disagreements there is enough goodwill and shared interest to create better social housing in ways which can enjoy broad public support.

We look forward to the next phase, as we move toward common ground.